

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2016/2017

BEB3014 – ELECTRONIC BUSINESS
(All sections / Groups)

8 MARCH 2017
9.00 a.m. - 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

- a. This question paper consists of 4 pages (including cover page) with 4 Questions only.
- b. Attempt **ALL** questions in Section A and Section B. The distribution of the marks for each question is given.
- c. Please write all your answers in the Answer Booklet provided.

SECTION A (40 marks)**E-commerce for SMEs: Empirical insights from three countries**

Electronic commerce (e-commerce) plays a unique role in contemporary small- and medium-sized enterprises (SMEs). With the advancement of e-commerce, people using the internet for their purchases no longer need to be physically present when their transactions occur. E-commerce has created major changes in the retail and service industries. Today, customers can purchase products from their homes or offices. They are also able to see goods and products on their computer monitors and view information about how the products are manufactured.

Since one of the main objectives of SMEs is to take advantage of development opportunities in foreign international markets, an e-commerce strategy is necessary and cannot be developed without organisational goals and strategies for short- and long-term gain. E-commerce is still considered a new idea for SMEs, consumers, and governments. Today, through the creation and deployment of web sites, SMEs have relationships with the external environment that constantly change according to the situation. The benefits of e-commerce include reduced costs (e.g. for transactions and marketing), increased accessibility for end users, improved business process flow, and increased efficiency in dealing with suppliers (Afshar Jahanshahi *et al.*, 2011; Fenech and O'Cass, 2001; Khatibi *et al.*, 2003; Magutu *et al.*, 2011). Another advantage involves smart, or genuine, negotiations conducted in the internet environment, through which suppliers may offer different prices in various conditions. Products that produce less profit or no profit may be reasonably priced and sold based on these negotiations.

Presence in a global market makes suppliers visible to all buyers, which has many advantages. However, there are also disadvantages, including unsolicited e-mail, the high cost of user support, and a lack of security and privacy (Lee, 2001; Watson *et al.*, 1998; Zhang and von Dran, 2001). E-commerce enables buyers to compare the products and pricing offered by competitors, creating a monopoly for buyers and generating extra software and hardware costs for SMEs.

After the rapid growth of e-commerce in world business, brands and branding have become increasingly important components of the economies of India and Malaysia. Currently, the marketing of a company involves creating ideas or making promises rather than describing product and services. Branding has become an essential part of expanding and running a business successfully. In India and Malaysia, SMEs are spending enormous amounts of money on research, branding, and proper positioning of their brands in the market. "Doubts about security and privacy" is the most important problem or barrier from the perspective of Indian and Malaysian SMEs. Customers and enterprises are concerned about the security of providing sensitive information online (Warrington *et al.*, 2000), and they will use e-commerce only when they develop a certain level of trust regarding security (Ferraro, 1998). "Enhanced company brand and corporate image" is the most important benefit for Indian and Malaysian SMEs.

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In the present case, the three most common problems in e-commerce for SMEs in India, Malaysia, and Iran are indicated. Indian and Malaysian enterprises are more concerned about the level of security present when providing sensitive information online and will use e-commerce only when they develop a certain level of trust. On the other hand, “Running and maintenance more costly than expected” is the most important problem or barrier for Iranian SMEs.

Adapted from: Afshar Jahanshahi, A., X. Zhang, S. and Brem, A. (2013) ‘E-commerce for SMEs: Empirical insights from three countries’, *Journal of Small Business and Enterprise Development*, 20(4), pp. 849–865.

QUESTION 1

- a. Identify **SIX (6)** advantages and **FOUR (4)** disadvantages of e-commerce in SMEs. (10 marks)
- b. The international of e-commerce confronts many challenges that arise in engaging in e-commerce across different countries. Explain **FOUR (4)** key international commerce issues. (20 marks)
- c. There has been considerable development in e-commerce business considering the security and privacy issues. Explain *electronic fund transfer (EFT)* and *electronic data interchange (EDI)*. (10 marks)

(Total: 40 marks)

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SECTION B (60 marks)**QUESTION 2**

- a. There are two channels through which information transmits from one computer to another. One is called circuit switching and another is packet switching.
- (i) Discuss **THREE (3)** disadvantages of circuit switching. (3 marks)
- (ii) Describe the process of packet switching. (5 marks)
- b. Assuming, you are a consultant of web business and have been appointed by the CEO of abc.com, to explore revenue-generating alternatives. Currently, the site is using traditional catalog-based retail revenue model. The owner wants you to consider other revenue models that might make sense for his site. Discuss **THREE (3)** revenue generating models. (12 marks)
- (Total: 20 marks)

QUESTION 3

- a. Explain **THREE (3)** classifications of e-business security. (4 marks)
- b. Identify the differences between virus, worm, macro virus and antivirus software. (8 marks)
- c. Discuss **THREE (3)** advantages and **THREE (3)** disadvantages of smart cards of online merchants. (8 marks)
- (Total: 20 marks)

QUESTION 4

- a. Describe the role of shopping cart in web site. (4 marks)
- b. Define *Radio Frequency Identification Devices (RFIDs)* and differentiate between RFID and bar codes. (8 marks)
- c. Describe **FOUR (4)** factors that enable some online social networks to prosper today? (8 marks)
- (Total: 20 marks)

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